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Review Paper

## BENCHMARKING ANALYSIS OF THE BALKAN COUNTRIES ACCORDING TO THE CORRUPTION PERCEPTION INDEX

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**Abstract.** *The aim of this paper is to analyze the position of the Balkan countries according to the Corruption Perception Index (CPI). Due to the efforts of the Balkan countries to improve their level of economic development and, for some of them, to become members of the European Union (EU), the average of relevant indicator for the EU is used as a benchmark in this analysis. The purpose of the paper is to identify deviations of the Balkan countries in the level of corruption in relation to the EU and to each other. The ultimate aim is to formulate recommendations for the possible reduction of corruption and improvement of the position of these countries with regards to the CPI.*

**Key words:** *benchmarking, corruption, Balkan countries, European Union.*

### INTRODUCTION

Corruption, as a social evil, has been part of everyday life from times immemorial. Its origins can be traced back to the period of antiquity (Jovašević, Gajić-Glamočlija, 2008: 207-226). Different forms of corruption have been part of humanity from its inception to the present, but phenomenological and etiological characteristics of corruption have been changing throughout history. The social danger of corruption exists in modern states because no society is immune to corruption, regardless of the level of social development and how successful the fight against various forms of corruption is.

In transition countries, people encounter diverse problems and difficulties in daily life in obtaining their rights to life, health, education, labor and others. At the same time, corruption occurs at different levels and in different forms, including corruption in the street, judicial corruption, contractual corruption, economic corruption, political corruption, etc. Thus, the right to a dignified life is endangered.

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The Balkan countries are at different stages of political and economic development. Greece, as the first Balkan country which became member of the European Union, has been facing the greatest financial crisis in its history. Countries such as Slovenia, Bulgaria, Romania and Croatia, which are also EU member states, are in a better financial situation. At the same time, in addition to the EU member states, there are countries that have opened negotiations or are in a position to wait for the opening of the accession negotiations. These states are Turkey, Albania, Montenegro, Serbia, and Bosnia and Herzegovina.

Although it would be appropriate to expect that the EU membership contributes to reducing corruption rates, the information obtained by Transparency International suggest that membership in the family of European states does not necessarily imply reduced corruption rates. Therefore, in order to gain insight into the scope of corruption in the Balkan countries, it is necessary to analyze in details the data collected. The findings will help us analyze the factors contributing to its occurrence to a greater or lesser extent in different countries, on the basis of which we will propose specific preventive measures.

The paper analyses the level of perceived corruption in eleven Balkan countries. Five out of the eleven Balkan countries are already members of the European Union (Slovenia, Croatia, Bulgaria, Romania, Greece) and the remaining six countries are not members of the EU yet (Serbia, Montenegro, Macedonia, Bosnia and Herzegovina, Albania, Turkey). The aim of this paper is to examine their position by benchmarking analysis in relation to the European Union practice regarding the perceived corruption. In this regard, the object of comparison in this paper is the *Corruption Perception Index* (CPI) of the Balkan countries and the EU. The analysis is based on the data on the Corruption Perception Index provided in the reports of Transparency International.

## 1. LITERATURE REVIEW

The term *corruption* stems from the Latin word "*corrumpere*", meaning: decay, dishonesty, bribery, debauchery, depravity, deviance, decadence. Consequently, the term *corruptionist* implies a crooked man who is bribed or gives a bribe for his own benefit. (Dimovski, Stanojević, 2011: 97). Therefore, *corruptionist* is a person who engages in or upholds corrupt practices, particularly in public life.

*Corruption is defined as a relation based on abuse of authority in the public or private sector for personal gain or obtaining benefit for another* (Konstantinović-Vilić, Nikolić-Ristanović, Kostić, 2009:179). It occurs when there is a possibility and interest. Corruption (Jelačić, 1996:42-43) can be classified as: small-scale or large-scale corruption; sporadic or systemic corruption; simple or complex corruption. In term of degree, it may be classified as: the street-level corruption, contracting corruption or the corruption in public administration, political, economic and judicial corruption.

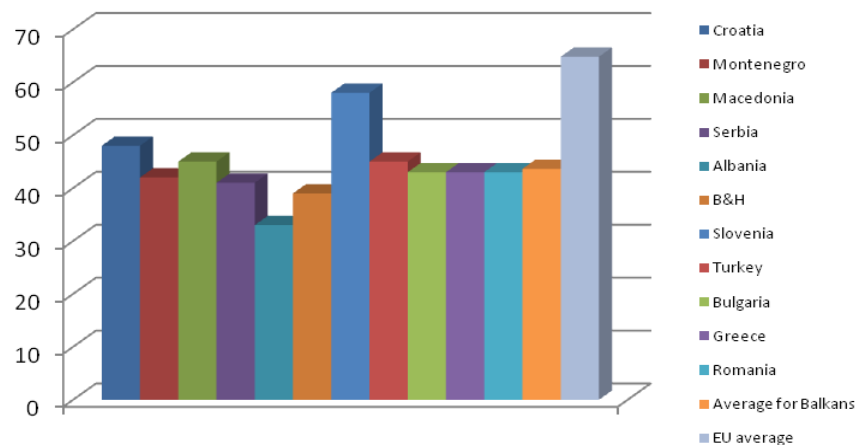
Similarly, various international organizations specializing in combating corruption have their own definition of corruption. In one of the anti-corruption conference, the Multidisciplinary Group on Corruption (GMC) pointed out that corruption is "an act of bribery which is associated with the execution of duty by persons employed in the public and private sector, where such conduct is a violation of their duties, stemming from the position of a civil servant, employed in the private sector or independent officials, with the aim of acquiring unlawful benefit for himself or another person (Bošković, 2000:6).

## 2. RESULTS AND DISCUSSION

### 2.1. Comparative analysis of the Corruption Perception Index for the Balkan countries and the EU average

The information base of this research includes data on the Corruption Perception Index (CPI) contained in the reports of Transparency International. Transparency International is the organization that works with governments, businesses and citizens at a global level with a main vision to have a world free of corruption. Founded in 1993, this organization gathers all people and organizations willing to stop and prevent secret deals, bribery and any form of abuse of power. The Corruption Perception Index, prepared by Transparency International, ranks countries according to the level of perceived corruption in the public sector. All countries are ranked on a scale from 0 (highly corrupt) to 100 (very clean), and also relative to each other. The report for the year 2015, for instance, includes 175 countries (Transparency International, 2015).

Figure 1 shows the value of the Corruption Perception Index in the Balkan countries for the year 2014, including the average corruption index in all 11 Balkan countries. For the purpose of comparison and further consideration of the perceived level of corruption in the Balkan countries, figure 1 also shows the average value of the Corruption Perception Index for the European Union.



**Fig. 1** Score of the Corruption Perception Index in the Balkan countries and the EU average (2014)

Source: Transparency International, 2014, <http://www.transparency.org/cpi2014/results>

According to the Corruption Perception Index, the highest ranked Balkan country is Slovenia, followed by Croatia, Macedonia and Turkey. The worst positioned country is Albania. However, when compared to the EU average for 2014, all Balkan countries recorded a significantly lower score on the Corruption Perception Index. The closest to the EU average CPI score is Slovenia.

## 2.2. Benchmarking analysis for the Balkan countries and EU 27

Table 1 presents data on the Corruption Perception Index for the Balkan countries for the period from 2007 to 2014. Also, the countries are ranked based on the same data.

**Table 1** Corruption Perception Index of the Balkan countries in the period 2007-2014

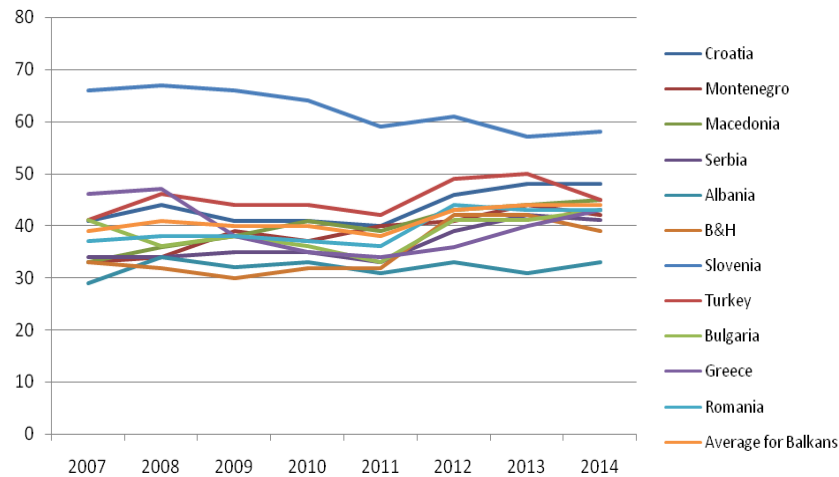
Country	CPI for 2007		Rank within the Balkans for 2007		CPI for 2008		Rank within the Balkans for 2008		CPI for 2009		Rank within the Balkans for 2009		CPI for 2010		Rank within the Balkans for 2010		CPI for 2011		Rank within the Balkans for 2011		CPI for 2012		Rank within the Balkans for 2012		CPI for 2013		Rank within the Balkans for 2013		CPI for 2014		Rank within the Balkans for 2014	
Croatia	41	3	44	4	41	3	41	3	40	3	46	3	48	3	48	2																
Montenegro	33	5	34	7	39	4	37	4	40	3	41	7	44	4	42	5																
Macedonia	33	5	36	6	38	5	41	3	39	4	43	5	44	4	45	3																
Serbia	34	6	34	7	35	6	35	6	33	7	39	8	42	6	41	6																
Albania	29	7	34	7	32	7	33	7	31	9	33	10	31	9	33	8																
B&H	33	5	32	8	30	8	32	8	32	8	42	6	42	6	39	7																
Slovenia	66	1	67	1	66	1	64	1	59	1	61	1	57	1	58	1																
Turkey	41	3	46	3	44	2	44	2	42	2	49	2	50	2	45	3																
Bulgaria	41	3	36	6	38	5	36	5	33	7	41	7	41	7	43	4																
Greece	46	2	47	2	38	5	35	6	34	6	36	9	40	8	43	4																
Romania	37	4	38	5	38	5	37	4	36	5	44	4	43	5	43	4																
Average	39	-	41	-	40		40	-	38	-	43	-	44	-	44	-																

Source: Transparency International, 2007-2014, [www.transparency.org](http://www.transparency.org)

Table 1 shows that the average CPI for a group of Balkan countries is around 40, but still there is slight improvement in the value from 39 in the year 2007 to 44 in the year 2014. Within the analyzed group of Balkan countries, it may be observed that all 11 countries occupied approximately the same place in the established rankings in the period 2007-2014. Slovenia takes the first place, with the highest CPI score for the whole period. On the other hand, Albania and B&H have the lowest CPI score and share the last position among the Balkan countries.

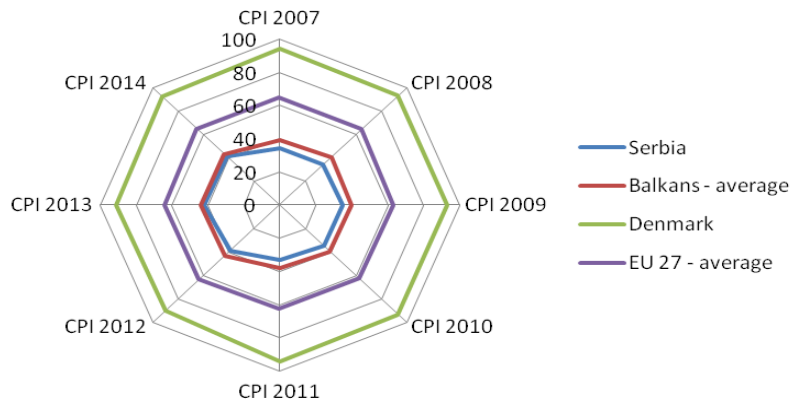
Figure 2 shows the movement in the CPI score for the Balkan countries in the period 2007-2014.

The data in Figure 2 show that there is a gap between the CPI score for Slovenia and other Balkan countries in the period 2007-2014. In the first half of the analyzed period (2007-2011), B&H had the lowest CPI score. In the second half of the analyzed period (2011-2014), Albania had the lowest CPI score.



**Fig. 2** Corruption Perception Index of the Balkan countries in the period 2007-2014

Figure 3 presents the benchmarking analysis of Serbia with the Balkan countries, EU 27, and Denmark as an EU country that records the highest CPI score for the whole analyzed period.



**Fig. 3** Benchmarking analysis of the Corruption Perception Index for the period 2007-2014 (Serbia, Balkans, EU 27, Denmark)

Figure 3 shows that the CPI of Serbia is lagging behind the average CPI score of the Balkan countries in the whole analyzed period, but in the years 2013 and 2014 the score is closer and almost equal to the average in Balkan countries. In comparison to the EU 27, the gap in the CPI score is even larger bearing in mind that the average CPI score for all EU 27 is around 65 and the average CPI score for the Balkans is around 40. As an EU country with the highest CPI score (more than 90 out of 100) and as a country that is a very clean in terms of corruption, Denmark should be a benchmark for Serbia as well as for all the Balkan countries.

#### 4. CONCLUSION

Corruption can take many forms but it generally implies the abuse of power for private interests. A low corruption level is a prerequisite for survival in the modern dynamic environment and a significant factor of higher level of competitiveness of countries. As developing countries, the Balkan countries unfortunately still feature a high level of perceived corruption, measured by Corruption Perception Index.

The conducted benchmarking analysis of corruption in the eleven Balkan countries shows that they are far behind the EU average, according to the CPI score in the analyzed period 2007-2014. With the average CPI score of around 40, the Balkan countries can still be considered as highly corrupted. The only exception within the Balkans is Slovenia, where the recorded CPI value is close to the EU average. Taking Denmark as a benchmark, the gap in the CPI is even larger. With the highest CPI score among all EU countries, Denmark should be used as an example of a very clean country with regards to corruption, for all EU countries and especially for the Balkans.

The fight against corruption can be successful only if representatives of the government, businesses and the civil society work together in order to develop standards to cope with this issue. This process requires a lot of time dedicated by people and organization that want to live in a world free of corruption. Many different actions can support this intention but, above all, it is necessary to raise people's awareness regarding the costs and negative externalities of corruption. Moreover, some other measures and activities can be helpful in the process of fighting against corruption, such as: access to information, transparency of all public procedures and activities, exchange of information, whistleblowing as a form of reporting corruption, etc.

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## **BENČMARKING ANALIZA BALKANSKIH ZEMALJA PREMA INDEKSU PERCEPCIJE KORUPCIJE**

*Cilj ovog rada je analiza pozicije zemalja Balkana prema Indeksu percepcije korupcije. S obzirom da balkanske zemlje teže unapređenju ekonomskog razvoja, a neke od njih koje već nisu, i članstvu u Evropskoj uniji (EU), prosek relevantnog indikatora za EU se uzima kao benčmark u analizi. Svrha ovog rada je da se identifikuju devijacije u balkanskim zemljama u pogledu nivoa korupcije u poređenju sa EU, ali i međusobno. Takođe, cilj je dati preporuke za eventualnu redukciju korupcije i moguća unapređenja pozicije analiziranih zemalja u pogledu Indeksa percepcije korupcije.*

Ključne reči: *benčmarking, korupcija, balkanske zemlje, Evropska unija.*